**_VALLEY NONPROFIT RESOURCES_** ***Established 2007***

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# *Staying Alive* Resource Guide

***Information and Solutions for San Fernando Valley Nonprofits Dealing with the Recession***

**2009**

*Operated collaboratively by* **California State University Northridge, Human Interaction Research Institute, MEND and Volunteer Center of Los Angeles**

## Overview

### *Impact of the Recession*

The recession already has had a great impact on nonprofits. Some have closed down, others have cut back significantly on services provided or reduced staff. Nearly all have devoted scarce time and energy, both at the board and staff levels, to plan ahead for several very rough years.

To survive and thrive, nonprofit organizations must do that planning better than ever, and focus on acquiring the information and solutions they need to weather the economic storm. They must substantially expand and improve fundraising efforts. And they must explore creative alternatives to program development, services staffing and operations.

Moreover, the funders of the nonprofit sector - government, foundations, corporations and individual donors - also are making significant adjustments in light of the current economic downturn. Funding is tighter than ever. Even for those whose funding resources have not been greatly affected, different decisions are called for about what organizations to give to and how.

### *Positive Responses*

There is increasing evidence that, despite many challenges at both the national and local levels, both nonprofits and the funders supporting them are taking action to respond positively. New funding programs are emerging, and nonprofits both individually and collectively are making creative responses (often in painful circumstances, but with the determination to survive and continue their needed work in the community).

All of this is certainly true for nonprofits in the San Fernando Valley. In January 2009 Valley Nonprofit Resources co-sponsored two workshops for theatres in North Hollywood. The co-sponsors were the Community Redevelopment Agency of Los Angeles, Los Angeles Stage Alliance and Network of Ensemble Theatres. Theatre staff participating in these workshops were quite vocal about their determination to survive the tough times. They believe in the value of the work they're doing, and working to find new ways to cope. It is in the context of this spirit of determination that information and solutions for Valley nonprofits are presented here.

In a January 2009 paper, *Turning Crisis into Opportunity*, the California Community Foundation discusses what the Foundation learned from a survey and five convenings of their grantees across Southern California (including but not limited to nonprofits in the Valley). Of these nonprofits, 2/3 to 3/4 expect a decline in funding over the next six months. About 2/3 also expect an increase in the demand for services. Nine out of ten have made serious reductions in their operations, including hiring freezes, staff layoffs and canceling major fundraising events or activities.

A key observation from the CCF convenings is that nonprofit boards and staff leadership have to "step up now to help nonprofits weather this storm that will have lasting effects." They want help with strategic planning, board development, communications and messaging, and financial planning and accounting - all targeted to the current emergency circumstances. CCF is responding both by changing its grantmaking procedures and by offering services to its grantees related to these needs (see description below).

## VNR's Staying Alive Initiative

Valley Nonprofit Resources is committed to helping Valley nonprofits deal with these challenges. To coordinate our efforts, VNR recently launched its *Staying Alive* Initiative. It provides special skill-building workshops, technical assistance and knowledge products focused on survival skills for Valley nonprofits in the current tough times. A summary of *Staying Alive* activities appears each month in the *Staying Alive* section of the VNR website's home page, and resources identified are placed in a new section of VNR's Resources webpage.

VNR workshops are all being offered in partnership with organizations that have their own capacities to assist Valley nonprofits - the Executive Service Corps of Southern California, Los Angeles Community Redevelopment Agency, Los Angeles Stage Alliance, Network of Ensemble Theatres, and others. Workshops are either free or very low-cost ($20 per workshop, including lunch). Knowledge products like this *Guide* are being made available both on the VNR website and through the workshops.

The *Staying Alive* Initiative is supported by a grant from the California Community Foundation, as well as by resources provided by VNR's entire group of funders, as listed on the VNR website.

## Think Points

Where to begin finding solutions? Nonprofit executive directors, staff and boards of directors first need to "adjust their thinking," as the California Community Foundation's recent paper emphasizes. At a minimum, that means reviewing and then adjusting the nonprofit's operations strategy, financial approaches and management strategies. Some suggestions for how to do that re-framing are presented below.

**** Mindset and Big-Picture Strategy***
Joanne Fritz, writing in about.com, has seven suggestions for both thinking and action, offered originally for fundraisers, but adapted here as applicable to all in nonprofit leadership:

1. *Don't become or sound desperate* - many have characterized the recession as in part a "crisis of confidence," and that applies to individual nonprofits as well. Focusing on the organization's mission, on its proven value over its lifetime, and on its people resources that remain during this down cycle, all are critical.

2. *Prove that the nonprofit is responsible* - fiscal responsibility (such as cost-cutting) needs to be paired with responsible leadership. This means demonstrating that boards clearly recognize the seriousness of the situation, and are planning for the desired future.

3. *Don't give up on corporate and cause-marketing activities* - though corporate funding is lessening, it is not zero. Corporate contacts from the past might be able to give referrals to other funders, even though they are not able to give themselves.

4. *Diversify funding sources* - approaching new types of donors in new ways is vital (see separate section below).

5. *Put fundraising programs under the microscope* - in order to understand how new approaches will fit in, current fundraising efforts need to be both re-appraised and adjustments made as the new circumstances may call for (see separate section below).

6. *Don't pull the plug on major campaigns but do slow down* - while this may not be the time to undertake a major capital campaign, it is also not a time to push into the background the reason behind such a campaign (need for a new service program, for a new building, etc.).

7. *Keep up marketing and PR* - communications is key to mobilizing clients/patrons, community and funders behind meeting the nonprofit's operational and revenue needs.

The complete Fritz article can be accessed online.

**** Financial strategies***
The Fieldstone Alliance, in its *Opportunities in Lean Times* website section (described separately below), offers five suggestions focused on nonprofit financial operations:

1. *Protect the money the nonprofit already has* - this can range from an overall financial review done by the nonprofit's CFO or board, to taking specific conservative steps such as being sure that all funds in reserves are in FDIC-insured accounts.

2. *Increase revenues* - this step includes not just fund-raising in the traditional sense but looking for "rainy day" money in a number of unusual places (see Fieldstone's *20 Emergency Funding Sources* document, available online).

*3. Cut or control costs* - creative efforts to curb spending during the recession can make both a practical difference and a strategic one (by showing funders that the nonprofit is serious about making the best use of available resources). This may range from analyzing purchasing, to adjusting payables, to evaluating facilities and infrastructure, to modifying staffing and related costs, to reducing services (see section below on cost-cutting).

4. *Modify structural strategies* - nonprofits may reduce costs and readjust their financial profile going forward by modifying the organizational mission, structure or culture.

5. *Engage with others* - dialogues with other nonprofit leaders about how they are handling the current financial challenges can help, as can interactions with local business leaders (many of whom are facing much the same challenges as their nonprofit counterparts).

Details on each strategy are presented on the Fieldstone website, along with Fieldstone publications recommended for further reading.

**** Management strategies***
The Bridgespan Group's recent article *Managing in Tough Times* provides seven suggestions for how nonprofit management can deal best with the recession:

1. *Act quickly, but not reflexively, and plan for contingencies.*

2. *Protect the core of the nonprofit's mission and operations.*

3. *Identify the people who matter most and keep that group strong.*

4. *Stay very close to key funders.*

5. *Shape up the organization.*

6. *Involve the nonprofit's board in all aspects of responding to the crisis.*

7. *Communicate openly and often.*

The article provides considerable detail about how to address each of these suggestions.

## Fundraising

Creative solutions nonprofits can consider for developing funding support (some of these may be new ideas, while others are revisiting "tried and true" fundraising strategies) include:

***1 - Reaching Wealthy Donors***
Although most nonprofits already rely substantially on individual donors for support, in the current hard economic times they are even more important, especially as possible replacements for lost foundation or corporate funders. Time-tested methods that might be revisited, and some possible new approaches, include the following:

* *board member contacts* - family, friends and business associates

* *past donors* - either to renew or refer the nonprofit to other potential funding sources

* *giving circles and other donor groups* - these are organized groups of donors who pool funds to address a particular cause or community; examples include Social Venture Partners, which has an informative website, and has chapters in a number of cities including Los Angeles.

* *donor advisors* - professional advisors to wealthy donors include:

- private bankers (approached through the nonprofit's own banking relationship manager)
- trust attorneys
- wealth managers
- philanthropic advisors
- family office managers
- accountants (approached through the nonprofit's CFO or external accountant)

Advisors to donors often play a significant role both in setting up clients' philanthropic operations (a foundation, a donor-advised fund, etc.) and in providing advice on their giving strategy. A recent research study (Backer, 2008) has defined these roles and may be of value to nonprofits thinking about what kinds of donor advisors they might have a connection with and could approach.

***2 - Foundation Funding***
Both new and time-tested funding processes or programs are offered by local foundations to help nonprofits deal with the current economic challenges (funding now is tighter because of the foundations' own financial problems):

* *discretionary grants* - foundation senior staff often have a small fund they are authorized to spend each year on projects of their choosing, usually with quicker and simpler review processes. Especially for a focused project or for a smaller amount of operating support, nonprofits can approach foundation CEOs, trustees of family foundations, or program officers they know well enough to discuss possibilities for getting one of these discretionary grants

* *emergency grants* - several local foundations have started providing operating support on an emergency basis to nonprofits in difficult economic circumstances. Again, these are likely to be on a quicker, simpler review process.

* *quick turn-around grants* - as one example, Weingart Foundation has recently created a new Small Grants Program with a much faster review and decision-making process than for its conventional grants. This may of course be very helpful when funds are needed quickly (see more detailed description below).

***3 - Support for Capacity Building on Development***

Nonprofits that have reached a certain size (most typically, $1 million a year total revenues, but this applies to many smaller organizations as well) need to have a development director, and still larger groups may need an entire development office. Making this transition is challenging for many nonprofits, and may require (a) establishing a development (fundraising) committee of the board and (b) creating and implementing a strategic development plan for these significant changes in function.

Foundations and individual donors can provide one-time grants targeted to supporting these activities, which are considered an element of "capacity building." Among the local foundation funders of such efforts:

* Annenberg Foundation
* James Irvine Foundation
* California Community Foundation
* Dwight Stuart Youth Foundation
* Weingart Foundation

More information on these and other foundations supporting capacity building are in the *Resource Directory for Nonprofit Capacity Building in Los Angeles County.*

In addition to capacity-building grants for helping to support a development director or office, grant support also may be requested to buy fundraising software, which can help keep the complex records of many dozens or hundreds of approaches, or to obtain training for the nonprofit's staff, e.g., through development courses offered by Southern California Center for Nonprofit Management, California Association of Nonprofits or other resources).

***4 - Proposal Writing***

Fundraising success also requires writing strong, responsive proposals to funders of all types for program, operating or capital support. Among the steps nonprofits can take to enhance these activities:

- take a *course on proposal writing* from training programs such as those of the Grantsmanship Center (a good local resource for training in the art of grantwriting) or the Foundation Center (which offers courses in Los Angeles, and offers a partial scholarship for nonprofits taking these courses).

- establish a *proposal writing committee,* to coordinate the nonprofit's fundraising efforts that involve a grant application (operated under the direction of the board or the Executive Director of the agency).

***5 - Online Fundraising***
As the recent Obama Presidential campaign proved, fundraising has come to the Internet at a massive level. Nonprofits can develop or enhance online options for fundraising in a number of ways:

- creating an *online fundraising subcommittee* of the board's development/fundraising committee, and/or delegating this activity to young staff (under-30 staff who grew up online may be the best resource for developing a successful online fundraising effort).

- developing an *online fundraising plan*, including such basics as building an e-mail list, enhancing the nonprofit's website (e.g., to add PayPal or credit cards as a method of payments for online donations), sending regular eBlasts to potential donors, etc.

- seeking funds through *online proposals* (an increasing number of foundation and corporate funders encourage or even require the use of online applications to minimize paperwork).

(*Note:* regulations can limit online fundraising; consultation may be needed from an attorney or from nonprofit resources such as the California Association of Nonprofits, which also may be useful for addressing the legal side of other fundraising activities, e.g., registration with the California Registry of Charitable Trusts)

***6 - Feasibility Study***
Fundraising takes effort and resources - especially in hard times these may be very scarce so some type of initial feasibility study, formal or informal, can be useful, particularly if a fundraising effort is going to be very labor-intensive or have other high costs. Either a structured or informal review can help to determine whether a particular fundraising effort is likely to work, so that it is worth devoting scarce resources to undertaking it. Among the options:

- for a major fundraising effort, consider getting a small foundation or private donor grant to *underwrite* the costs of a feasibility study (sometimes foundations will fund feasibility studies themselves and subsequently support the fundraising project if the results are good).

- out of a feasibility study can come a *"statement of need,"* a brief description of the purpose and structure of a new program a nonprofit wishes to undertake, which can be shared with funders for dialogue before an actual proposal is invited.

***7 - Board Involvement***
In addition to its governance role (development/fundraising committee, etc.) and its efforts to connect their nonprofit with donors or donor advisors, as already discussed, a board can serve other valuable purposes regarding fundraising (additional options discussed in various learning materials from BoardSource, an organization devoted to improving nonprofit boards):

- Board as *source of funds* (consider increasing the Board's "get or give" requirement)

- Board as *connector* to government, corporate or foundation funders

- Board as *example* (consider requiring all Board members to give some cash even if they also raise funds, so that funders can be told "100% of the Board supports the organization financially").

***8 - Events and Mailings***
Some nonprofits use an annual dinner or other gala event as their largest single fundraising effort. Taking whatever has been the organization's experience with such events, finding new ways of inviting people and focusing the event on current funding challenges can lead to good results. Galas such an annual lunch or dinner, and their associated auctions or raffles, can be focused on meeting a particular goal (retiring debt, saving a program that otherwise would have to be ended, etc.).

Special mail appeals to current donors or the community at large also can be focused on these urgent needs. These often are done at the end of the year when donors may be seeking deductions for tax planning purposes. However, because the number of appeals made by nonprofits zooms up at the end of the year, requests at other times may actually be more effective.

(*Note:* regulations can limit how fundraising events are structured and operated, and registration with the State of California, Los Angeles County, etc. may be required)

***9 - Fundraising Consultants***
Fundraising consultants may offer significant benefits, especially if they have content knowledge about the nonprofit and the field in which it operates. However, their effectiveness can be compromised if they don't have direct knowledge of and contacts in the field in which the nonprofit works. Though there are some exceptions, most successful fundraising is the product of the fundraiser's connections in a community, and their knowledge about the nonprofit. Methods for identifying a good fundraising consultant include:

- *Chronicle of Philanthropy* (has a directory of fundraising consultants)

- Fundraising *professional societies* such as the Association of Fundraising Professionals , which has chapters in the Greater Los Angeles and Greater San Fernando Valley areas

- Referrals from *colleagues* in other nonprofits, or from local nonprofit professional or trade associations

- *Los Angeles Capacity Building Resource Directory* lists a number of consultants, some of whom also do fundraising work

## Downsizing and Cost-Cutting

No matter how good the fundraising, cuts may still have to occur. Good strategic planning will help greatly in doing it right - both to minimize human as well as financial costs as side effects of the cutbacks (see section on strategic planning below).

A number of downsizing suggestions have been made by Marc Beylerian and Brian Kleiner, writing in *Nonprofit World:*

1 - *Don't forget the survivors* - providing initial emotional support for the workers who remain is critical to maintaining morale and productivity.

2 - *Engage survivors in the nonprofit's vision* - equally important is providing practical support after the downsizing has been completed, in order to rebuild the downsized organization.

3 - *Consider the advantages of outsourcing* - contracted temporary workers may be able to take on some of the tasks that had been done by the departed workforce.

4 - *But keep in mind outsourcing's drawbacks* - there is a downside to using temporary workers, who are less under management's direction, may be unfamiliar with the organization and its work, and may experience some friction with employees.

5 - *Weigh alternatives* - over time, other solutions such as job-sharing, shorter work weeks, etc. may be viable alternatives to further layoffs.

6 - *Remember, money is not a cure* - assuring employees that their jobs are safe and providing other kinds of emotional support are interventions as important as providing compensation for taking on additional tasks, etc.

As has been mentioned in several previous sections, almost all efforts to cope with the recession will probably include some element of cost-cutting. Creative strategies for doing so have been summarized by *Nonprofit World*, and their presentation is attached to this *Guide*.

Also attached is *Doing More with Less in Hard Times*, which offers additional suggestions for how nonprofits can manage costs and seek new resources in a more creative way - re-framing the discussion about the nonprofit and bringing out new ideas.

Finally, mergers and other types of strategic alliances may be considered as part of down-sizing and cost-cutting operations. Nonprofit organizations have traditionally been reluctant to merge, particularly when one or both of the potential partners are founder-driven organizations in which the founders have made a major investment of "sweat equity" to keep the nonprofit going. Yet in the current recessionary environment a merger or some other type of strategic alliance may be the only alternative to closure (or at least to heavily cut-back operations). These options are discussed in the attached paper, *Mergers and Alliances: Should More Charities Consolidate Operations*?

## Strategic Planning

For both businesses and nonprofits, good strategic planning often goes out the window when times are hard. Nonprofit leaders will say: "We have to pay attention to making payroll, to getting the next grant proposal in, to surviving to the end of our fiscal year - how can we possibly do any strategic planning?" As compelling as these arguments may seem, they miss the point that strategy is even more important when resources are scarce. The consequences of poorly-made decisions are much more stark and may affect the very survivability of the organization.

For many nonprofits, it can be very helpful to revisit an existing strategic plan, perhaps re-convening the group that originally developed it, to determine how it may need to be modified in light of changed circumstances. A revised plan addressing the current challenges may be re-assuring both to staff and to funders.

Development of a new strategic plan, if doing so is part of the nonprofit's current organizational life cycle, can actually be helpful during the current hard economic times. It gives the organization an opportunity to look with fresh eyes at its mission, programs and resources (human, fiscal and operational). And it provides a natural platform for the kind of creative solutions that have been emphasized here.

At the end of either a revision or new strategic planning process, a brief summary can be constructed for everyday use. The best strategic plans are five pages or less, and a "shirt pocket" version that is even shorter is more likely to be used to keep board and staff decision-makers focused.

## Communications and Messaging

Many of the suggestions made in this *Guide* center on effective communications about the nonprofit's challenges, need for additional resources, and strategies for coping. Skill is needed by a nonprofit's board and staff in communicating with funders, clients/patrons and the community at large. Help will sometimes emerge just from letting others know that there is a crisis. Rather than focusing just on the terrible economic times and the need for more revenues, effective communications are likely to concentrate more on communicating the value of the organization and sharing specific statistics or compelling case stories of the impact the nonprofit has had on the lives of individuals and families.

## Financial Planning and Accounting

A number of suggestions related to financial management already have been given in this *Guide*. The key is to keep a very general focus on the organization's financial health when planning future activities. All financial plans - for investments, capital expenditures, etc. - of course need to be revisited in light of changed circumstances brought on by the current recession.

The Nonprofit Finance Fund is a particularly valuable resource for information and technical assistance on financial aspects of nonprofit management. It is described in the Resources section of ths *Guide.*

## Resources

This section provides contact information for many publications and websites cited in the *Guide*, and presents additional resources Valley nonprofits may find useful in dealing with the challenges of the recession.

### INTERNET RESOURCES

***Arts in Crisis***
Kennedy Center
www.artsincrisis.org
This is a high-tech support service through which nonprofit arts administrators can talk to Kennedy Center personnel (headed by Kennedy Center CEO and "turn-around artist" Michael Kaiser, author of several publications about survival skills for arts organizations) about the challenges of shrinking income, budget-conscious audiences and other difficulties in keeping the doors open. Any arts nonprofit can receive free assistance. Assistance is provided through e-mails, telephone calls, Web chats or site visits.

***Nonprofit Economic Vitality Center***
National Council of Nonprofits
www.councilofnonprofits.org/economy
Presents information and resources about how the economic downturn is affecting the nonprofit sector and its funders, including action steps that nonprofits can take with examples of proven programs.

***Opportunities in Lean Times***
Fieldstone Alliance
www.fieldstonealliance.org/client/focus-opportunities_in_lean_times.cfm#do
Provides a range of suggestions about how nonprofits can best deal with funding cutbacks and other challenges of the current economic downturn, including books from Fieldstone on related subjects.

***Strategic Re-Structuring***
LaPiana Associates
www.lapiana.org/sr/index.html
Provides an overview of ways in which nonprofits can collaborate or merge, highlighting the proven approaches of strategic re-structuring, and including case examples.

Website addresses for resources mentioned in the text of this guide are:

Association of Fundraising Professionals, www.afpnet.org
BoardSource, www.boardsource.org
California Association of Nonprofits, www.canonprofits.org
Chronicle of Philanthropy, www.philanthropy.com
Foundation Center, www.foundationcenter.org
Grantsmanship Center, www.tcgi.com
Social Venture Partners, www.svpinternational.org
Southern California Center for Nonprofit Management, www.cnmsocal.org

Information on foundation grantmaking programs mentioned in this *Guide* may be found on their websites.

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Ross, B. & Segal, C. (2008). *The influential fundraiser.* San Francisco: Jossey-Bass.

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Zimmerman, R. & Lehman, A. (2004). *Boards that love fundraising: A how-to guide for your board.* San Francisco: Jossey-Bass.

**FUNDING**

*Note*: Some other funders have changed their funding guidelines as a result of the current economic situation. Check their websites or make a separate inquiry.

***California Community Foundation Support for Grantees*** The Foundation is helping to preserve and sustain its grantees by (a) expediting grant renewals and giving no-cost extensions; (b) serving as a no-cost back office for planned giving, so that donors can support a nonprofit by giving real estate, stock or other non-cash gifts; (c) providing access to local nonprofit consulting groups offering low-cost or free services (VNR is one of those groups); and (d) providing a planned giving toolkit with information about an array of tools and resources CCF offers that go beyond the grant. CCF grantees can contact the Foundation for more information, and others can consult the Foundation's website at www.ccf-la.org

***Developing Development Program*** This training program, which begins on March 26, 2009, is offered by Executive Service Corps of Southern California and will help nonprofits build a sustainable portfolio of charitable income through implementing the benchmarks of an effective fund development program to support their missions. The Developing Development Program both teaches the tools and provides participants with extended implementation support. The program includes group learning opportunities on current fundraising best practices, a peer network, and one-on-one executive coaching. All of these, when combined with the board's involvement, result in successful fundraising for participating agencies. An online brochure and application is available, with an application deadline of Friday, February 27. Participation is limited to 10 agencies. The entire program fee is $1,500, payable in two installments. For additional information, please contact Program Director Aileen Preonas at 213-381-2891 or e-mail: aspreonas@escsc.org

***Foundation Center MapShot*** This online interactive map provides data on U.S. foundation giving in response to the economic downturn. Part of the Center's initiative to provide information, news, and research on the impact of the recession on the philanthropic sector, the map displays data by state, county, city, Zip code, and congressional district. It presently includes information on more than $56 million in foundation grants and program-related investments (PRIs). To access go to:
http://maps.foundationcenter.org/economic_crisis/RecipTypeUS.php

***Foundation Center Scholarships*** Scholarships help under-resourced nonprofits build their capacity and seek financial support from foundations, corporations, and other institutional grantmakers. Intended for staff or volunteers of small community-based organizations, these scholarships will cover $100 (half the cost) of the registration fee for the Center's full-day training courses in nine U.S cities including Los Angeles. For more information, go to:
http://foundationcenter.org/getstarted/training/scholarship_application.jhtml

***Jewish Funders Network*** is a network of individual philanthropists and foundations who independently give away at least $25,000 a year. JFN has a new program, a "Crisis Loan Fund" project aimed at helping nonprofits that have suffered losses stemming from Bernard Madoff's alleged fraud. The fund, backed by a handful of the network's philanthropists and initially set at $5 million, will be made available for loans to charities that suffered investment losses or grant shortfalls because of Madoff's alleged scheme. For more information go to: www.jfunders.org

***National Center on Nonprofit Enterprise*** helps nonprofits make wise economic decisions. NCNE focuses on resources - how nonprofits can find them and use them well; and on ideas - how ways of thinking can improve the way nonprofits work. To that end, NCNE engages a network of academic researchers, business leaders, consultants and nonprofit practitioners. NCNE works with them to provide nonprofits with the knowledge and learning that will help them make decisions that will achieve sustainable impact. For more information on these resources, go to: www.nationalcne.org

***Nonprofit Finance Fund*** is a national leader in financing nonprofits, strengthening their financial health and improving their capacity to serve their communities. With NFF's help, nonprofits build and renovate facilities, fund growth needs, and expand and sustain operations over time. NFF serves both nonprofits and their funders, offering an integrated package of financial and advisory services, including facilities and working capital loans and lines of credit; asset-building programs; intensive workshops, Nonprofit Business Analyses and other consultations to help nonprofit management understand the impact on their finances of management and program decisions. A newly launched entity, NFF Capital Partners helps nonprofits attract equity-like growth capital. For more information, go to: www.nonprofitfinancefund.org

***Weingart Foundation Core Operating Support*** For an undetermined period of time, the Foundation's core support grants will be available for organizations that have been impacted by the recession that began in 2008. Core support is unrestricted funding that enables an organization to carry out its mission. Priority will be given to organizations whose primary mission is delivery of safety net services and infant, child or youth development programs for at-risk and economically disadvantaged populations. Priority also will be given to organizations that have eliminated core staff positions and/or reduced core program services due to funding reductions; and that are financially viable, evidence strong management and resource development capacity, and operate effective programs. For more information, go to www.weingartfnd.org.

***Weingart Foundation Small Grants Program*** Applying for a Weingart small grant is easier than the typical application process. After submitting a Letter of Inquiry through the mail or using the online form on Weingart's website, the Foundation determines if the request matches its grant guidelines. If so, it requires additional organizational and financial information in a condensed format, and then schedules a phone call to learn more about the request. The review period is shorter, which means that organizations receive an answer within six weeks after receipt of application materials. For more information on the small grants program, contact Sara Montrose, Program Associate, at 213/688-6393, or go to www.weingartfnd.org

## TECHNICAL ASSISTANCE RESOURCES FOR VALLEY NONPROFITS

Many resources are available for nonprofits in the San Fernando Valley to receive TA focused on the current challenges of the recession. The *Resource Directory* cited earlier offers a number of options. Two that have a particular focus on the Valley are:

***Valley Nonprofit Resources***, which produced this *Guide*. VNR provides information, training and technical assistance to strengthen the more than 4,000 nonprofits in the Valley. For more infometion on VNR, contact Diana Medina, 818/990-0176, dianahiri@aol.com, or visit the VNR website, www.valleynonprofitresources.org

***Executive Service Corps of Southern California***, which is a VNR partner organization. Although ESC provides services throughout the Los Angeles area, it has many consultants who are based in the Valley, and has just launched an effort to coordinate their availability with nonprofits needing service in this geographical area. For more information, contact Jesus Romero at 213/381-2891, Jromero@escsc.org or visit the ESC website at www.escsc.org

***Attachments***

A - *Doing More with Less in Hard Times*

B - *Mergers & Alliances: Should More Charities Consolidate Operations?*

C - *25 Ways to Cut Costs*

# Doing More with Less in Hard Times*

Many organizations are now looking for ways to cut costs and reduce resources in the current recession while simultaneously seeing an increase in demand for their services. To explore how nonprofit organizations can balance cutting back while simultaneously trying to meet increased community need and deliver better results, the *Chronicle of Philanthropy* hosted a live online discussion entitled, **Doing More with Less in Hard Times** on December 9, 2008.

The discussion was led by Hildy Gottlieb, president of the Community-Driven Institute at Help 4 Nonprofits, a Tucson Arizona-based organization that supports, engages, and mobilizes nonprofits by providing various capacity-building services and tools including training, research, and convening. Key points made during the discussion are summarized below.

## Reframing the discussion

Times of economic challenges are a good time for nonprofits to focus on their missions and look at new shared service models rather then focusing on scarcity or resources.

- Focus on the difference your organization has the potential to make and build your programs on that.
- Don’t focus on negatively charged questions. Instead of asking: how can we cut costs? Will doing A, B, or C cut costs? Ask: what do our communities need from us? What can we do to create that?
- Reframing these questions helps turn the discussion into a positive and proactive one, rather than an emotionally draining and counterproductive one.
- Think of your programs as a house. To be strong it must have a strong infrastructure, people who care about it to maintain it, and cash to keep it going. A strong infrastructure is built in a collaborative manner that uses shared resources as much as possible and engages people who care - not just donors

## Outreach and Engagement

* This VNR Staying Alive document is based on a *Chronicle of Philanthropy* live online discussion session on Tuesday, December 9, 2008. Adapted by Diana Medina, VNR Project Coordinator.

No organization can meet a community's needs on its own. The typical outreach strategy is to tell your organization's story and then hope people will do what you want. Instead, try building a strong community effort to help meet your mission.

- Look for opportunities by taking your role as a community resource and bring together organizations to form a Learning Community/Community of Practice and engage them with each other - without it turning into a discussion about scarcity.

- Start with your purpose and who else cares about it (other organizations, donors, volunteers, community members, program participants, clients, patrons, etc.) and bring them all together. Ask: How might you make a difference by working together? What assets and resources do you all have that you could use to build a collaborative effort together? You'll find that the various people in the room will have access to different things and though you will still need money, you will need less and you will have a stronger infrastructure because you have built on what you have before looking to fill the gaps in your budget.

- Engage people by asking questions - ask for their ideas, wisdom, feedback, and experience about the program you are building. Thank them throughout the year for their input. Ask questions like: We are trying to address this need, what have you seen work and not work in this area? Who do you think we should talk to about this? What would you want to know about such a program before you refer others to it?

- Engage your board members by focusing them on what matters most so they will stay engaged and be part of your efforts to build engaged support for your mission. Often boards are disengaged because they got on your board to make a difference and that is something they rarely get to talk about.

## Building on your assets

Every organization has assets. Inventory the assets your organization has in the following areas:

- Physical assets and resources -the stuff you have (parking lot, large meeting room, copy machine, etc.).

- Mission assets and resources - what you do.

- Human assets and resources - the people who work for or volunteer for the organization and the people you know in the community. Not just people who might donate but anyone who has been touched by your work.

- Community assets and resources - the physical, mission, and human resources that belong to everyone else in your community.

Be creative when building on your assets. For example, the rooftop of your building might be leased to a cell phone company for one of its towers, bringing in a permanent revenue stream for the organization.

## Securing Resources

The fund development process usually follows three steps: (1) Budget what you need (2) Determine what is coming in and (3) Figure out how to fill that gap. This process builds a sense of scarcity. To focus on how you can build sustainability:

- Set out to build support for your cause rather then raise money for it.
- Before attempting to secure new donors, engage people in caring about your cause. This takes four steps: (a) Focus on your vision for what is possible in your community ,(b) Build your programs on a base of shared resources (infrastructure), (c) Engage people in what you both care about (hint - few people care about your organization. Everyone cares about living in a healthy vibrant community) and (4) Build your cash flow on assets you already have.
- Build friends for your cause - not just "donors." You need friends who will volunteer, get you speaking engagements, advocate for you, introduce you to others, and advise you on your programs. They will also be more likely to give money, but when all you ask for is money the rest of the things they might offer tend not to be part of the conversation.
- Build your projects on shared community resources. Ask: what functions must the project accomplish that others in the community are already doing? When you can chart the functions it will take to accomplish the projects and identify who is already doing that you will be able to accomplish 2 things: (1) your project will cost less (2) you will be building a shared ownership of the issues and the solutions.

## Resources

- The **Community Driven Institute's online library** (www.help4nonprofits.com/H4NP.htm)
- **Hildy Gottlieb's Blog** (www.HildyGottlieb.com)
- Article: **Building and Sustaining Strong, Engaged Programs** (www.help4nonprofits.com/NP_Fnd_Building_Sustaining_Programs-Pt1.htm)
- Article: **Intro to Asset-Based Resource Development** (www.help4nonprofits.com/NP_Fnd_Asset_Based_Resource_Development.htm)
- Article: **Board Governing for What Matters** (www.help4nonprofits.com/NP_Bd_Governing_for_What_Matters1-Art.htm)

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# Mergers and Alliances: Should More Charities Consolidate Operations?**

The recent downturn in the economy has given rise to many nonprofits that are searching for ways to cut their operational costs without those cuts affecting the services they deliver. One way to address this challenge is by collaborating or merging with another organization. Some groups are doing this by sharing resources or collaborating on special events while others are exploring legal mergers.

To explore when these arrangements make sense, discuss common pitfalls, and consider tactics to employ the *Chronicle of Philanthropy* hosted a live online discussion entitled, ***Mergers and Alliances: Should More Charities Consolidate Operations*** on December 2, 2008. The discussion featured two subject matter experts: William Foster, who works with charities planning reorganizations, mergers and expansions at the Bridgespan Group, a Boston organization that advises charities on management issues, and Lois Savage, president of the Phoenix-based Lodestar Foundation, who has been working to promote collaboration among nonprofit groups by offering cash awards to successful collaborations. Key points made during the discussion are summarized below.

## Starting the Conversation

Because some nonprofits may be reluctant to share ideas and tools with other similar organizations, it is important to initiate the conversation in a non-threatening way. Some ways for doing this include:

- Use an intermediary, such as a board member, to broach the conversation. An unofficial conversation between board members of the agencies is a good way to start.
- Facilitate a meeting of Executive Directors who work in the same area to discuss common problems and strategies. This is a good way to start breaking down silos between organizations to make working together a viable option.
- Structure the conversation around what your strategic goals are and if collaboration/merging is the best route. Make sure to articulate your reasons and to consider where the other organization is as that might influence the choice.

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* This VNR Staying Alive document is based on a *Chronicle of Philanthropy* live online discussion session on Tuesday, December 2, 2008. Adapted by Diana Medina, VNR Project Coordinator.

- A common challenge is concern of board members, which may affect the ability to move forward productively. Board members are legally vested decision makers who should not be seen as a barrier but an important part of the process. In some cases discussions with fellow board peers who are familiar with the process can be helpful in building confidence of hesitant members.

## The role of funders

Funder mandated collaborations don't generally produce long term successes as they usually fall apart when the funding stops. The most durable collaborations develop from the ground, up not the top down. Some things funders can do to encourage nonprofits to collaborate include:

- Require grant applicants to list their peers or competitors in the proposal they submit, which may identify potential collaborators
- Fund a periodic gathering of nonprofits working on similar issues, to network and explore ways they might work together. There are several foundations that regularly convene their grantees to share information
- Provide technical assistance funding to nonprofits exploring long term collaborations. This funding can help pay for items such as: coordinators for alliances or coalitions, consultants to help prospective collaborators determine whether to and how to move forward, or rent subsidies for co-locating groups.
- Serve as matchmakers that identify and introduce good opportunities, and then underwrite the cost of due diligence and of collaboration itself.

## What to consider

The vast majority of nonprofit mergers are pursued somewhat haphazardly. It's important for both parties to thoroughly think through the long term strategic benefits and downsides.

When pursuing mergers remember to consider the following:

- Are your plans too ambitious to complete in the time you are allotting for implementation? If one or more of these things fall off track, how will they affect the rest of the process?
- Are you focusing your attention equally on operational changes and program work? Is focusing your attention more on one detracting from the other?
- Will these changes be made so that employees still feel part of the organization and remain invested in program outcomes?

- Major success factors in merging into one larger organization include: (a) expressing a clear understanding of why the change is happening, (b) demonstrating good decision making (not ad hoc or one-off), (c) having a transparent process and some early wins, and (d) making sure the new entity has a culture that people are proud to be a part of.

- A common barrier in merger considerations can be the executive leadership of each organization. Beginning the conversation at the board level will remove some of the initials emotional barriers to the conversation. You can't have a large group of employees making decisions for the organization when it's really not clear what their roles are going to be in the new structure.

## Resources

- La Piana Associates has a number of tools and case studies available on mergers and collaborations (www.lapiana.org)

- *Collaboration: What Makes it Work* is a helpful book published by Fieldstone Alliance (www.fieldstonealliance.org)

- Aspen Institute has produced useful literature on this topic (www.aspeninstitute.org)

- The Bridgespan Group recently completed a study of 3,400 nonprofits involved in merger activities in the nonprofit sector in the last 10 years across four states (www.bridgespan.org)

- The Lodestar Foundation started "The Collaboration Prize" earlier this year in order to build the information base on effective models for nonprofits. They have received 644 nominations and have 30 semifinalists listed. The winner will be announced in March 2009. (www.lodestarfoundation.org)

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# 25 Ways to Cut Costs

## How many do you use?

*Boost your budget with these suggestions:*

**1. Every year, review what you pay for insurance.** Get new bids and explore new options at least every three years.

**2. Reduce paper weight** whenever possible when printing and mailing. Paper can cost up to 30% of your printing job, so using inexpensive paper is a good way to stretch your budget. Using lowe weight paper will also reduce your postage costs.

**3. Make maximum use** of your board of directors**.** Be sure they help not only to raise money but also to save it. Ask them to use their contacts to find people willing to donate the goods and services you need or to sponsor your projects.

**4. Ask local businesses** if you can include your fundraising appeals in their mailings.

**5. Make sure the sheets you fax are simple,** without fancy borders or graphics, to cut down on transmission time. Send long-distance faxes when rates are lower, such as after 6 p.m.or on weekends.

**6. Create an organizational wish list** to encourage in-kind donations from companies.

**7. Consider hiring high school students** for short-term projects. Also look into cooperating with a high school for service projects, in which students work for you in return for school credit. (See Bowman in "Resources".)

**8. Scan newspapers for information about corporations.** Use what you learn to target prospects for corporate philanthropy, including in-kind giving. A business that's about to move may donate office equipment and furniture. A company that's getting bad press may want to prove its good citizenship by partnering with a nonprofit.

**9. Look into fax-on-demand services** to save time and money. Those requesting information will receive it instantly without interrupting employees.

**10. Ask your employees to answer these questions:** "What could we do to reduce costs?" "What one thing should we cease doing?"

**11. Use marketing departments** at local colleges and universities to help you conduct market research. Use computer departments to help you create a Web site.

**12. Get bids on all your printing jobs.** Be flexible in your timing to get the best prices from printers.

**13. Instead of cash, reward deserving employees** with such bonuses as a day off or a longer lunch hour for a week.

**14. Contact your nearest college or university,** and let them know you're interested in an intern. Interns are available in almost all departments, usually at no charge or a very nominal fee.

**15. Fax or e-mail your news-letters and fact sheets** rather than printing and mailing them.

**16. Adopt teamwork, cooperation, and collaboration approaches.** Team with other organizations to purchase supplies and insurance. Share offices and equipment. Hold joint meetings and programs.

**17. Try low-cost marketing and public-relations techniques,** such as writing letters to the editor or guest columns in your newspaper. Check with local ad agencies to see if they will give you free billboard space or create public service announcements for you.

**18. Use videoconferencing or teleconferencing** instead of flying in candidates for interviews or out-of-town board members for meetings.

**19. Make good use of volunteers.**They can handle all kinds of jobs, including management positions, if you hire and match them carefully. Many retired managers, for example, are happy to donate their time and skills.

**20. Save energy** by setting back temperatures during unoccupied times, turning off lights and equipment when unused, and installing efficient lighting. Make sure all employees are aware of the importance of saving energy.

**21. Use postcards** to cut your mailing and paper costs.

**22. To lower the cost of training new people,** use videotapes and books, and give each new person a mentor to help pave the way.

**23. Remove old names from mailing lists.** It's not cost-effective to keep mailing to people who have moved.

**24. Use creative employment practices,** such as letting employees share jobs, work from home, or work part time. Consider hiring a consultant or freelancer rather than a full-time employee.

**25. For each activity performed in your organization,** ask: What would happen if we stopped doing it? Are the consequences worth the cost of continuing it? Does the reason we started the activity still make sense? Can someone else perform this activity at less cost?

### Resources


**1.** Bowman, Karen, "Volunteering 101:Service Finds a Home in the Classroom,"*Nonprofit World,* Vol. 16, No. 6.

**2.** Husak, Chuck, "PSAs, the Olympics of Nonprofit Advertising," *Nonprofit World,* Vol. 23, No. 5.

**3.** Ott, Christiner, "Nonprofit Communications on a Shoestring,"*Nonprofit World,* Vol. 8, No. 2.

**4.** Ourand, Chris, "Nonprofit Doesn't Have to Mean Noncomfortable,"*Nonprofit World,* Vol. 18, No. 2.

**5.** Yane, Rebecca, "Supervising Interns Effectively," *Nonprofit World,* Vol.11, No 4.


***Source: www.snpo.org/members.***